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Swaziland

Sugar

Annual

2000

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Report Highlights:

It is estimated that Swaziland will produce about 577,000 metric tons raw value sugar this year (2001 marketing year). This should allow exports in excess of 300,000 tons. Sugar production is expanding slowly with limited irrigation water supplies the main factor hindering further growth. Development activities, including the building of a dam in the northern Swazi/South Africa border region, should stabilize this situation.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Pretoria [SF1], WZ

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Executive Summary

Swaziland is a small, developing country with an economy largely dependent on the sugar industry. Sugar cane production currently exceeds 4.4 million tons per annum and raw sugar production is nearing 600,000 tons. Three large millers and four large growers produce more than 70% of the crop but the number of small growers is growing, and now probably exceeds 500. Sugar is mainly produced for export as domestic consumption is small. In the export market Swaziland enjoys various preferential marketing arrangements including a 170,000 ton EU quota and a 20,000 ton U.S. quota with the result that only a small portion of the production is sold on the open market. Sales to members of the Southern African Customs Union (SACU) used to be a lucrative outlet protected by a \$184/ton import duty. Participation in this market has now been curtailed by a regional sugar agreement.

Sugar cane

| | | | | | | |
|-----------------------|---------------------------|---------|---------|---------|--------|---------|
| PSD Table | | | | | | |
| Country: | | 000 ha. | 000 mt. | | | |
| Commodity: | Sugar Cane Centrifugal | | | | | |
| | | 1999 | | 2000 | | 2001 |
| | Old | New | Old | New | Old | New |
| Market Year Begin | | 04/1998 | | 04/1999 | | 04/2000 |
| Area Planted | 38 | 43 | 40 | 41 | 40 | 44 |
| Area Harvested | 36 | 40 | 40 | 40 | 40 | 43 |
| Production | 137000 | 3887 | 136000 | 4323 | 139000 | 4436 |
| TOTAL SUPPLY | 137000 | 3887 | 136000 | 4323 | 139000 | 4436 |
| Utilization for Sugar | 137000 | 3887 | 136000 | 4323 | 139000 | 4436 |
| Utilizatr for Alcohol | 0 | 0 | 0 | 0 | 0 | 0 |

The economy of Swaziland is to a great extent based on the sugar industry. In terms of national income accounting, cane growing is classified as an agricultural activity while sugar manufacturing is classified as an industrial activity. During 1999, cane growing contributed 56% to total agricultural output and 37% to total agricultural wage employment. During the same season, sugar cane milling contributed 25% to total manufacturing output and 27% to total manufacturing wage employment. The sugar industry as a whole contributed 18% to national output, 22% to private sector employment and 15% to national employment. Sugar exports comprised 16% of total exports.

During the 1999 season the area harvested amounted to 40,474 hectares, an increase of 1,980 hectares from the previous season. Production is under full or supplementary irrigation. The sucrose content increased from 13.82 to 13.88% and the sugar yield from cane increased from 8.17 to 8.19 tons cane per ton of sugar. However, as a result of a reduction in cane yields, total sugar production decreased by 0.2% to 474,578 metric tons Tell Quell sugar. This was divided in 66% white and 34% raw/brown sugar. Molasses production amounted to 157,000 tons during the season.

Preliminary figures indicate that during the 2000 season the area harvested amounted to about 40,000 hectares and cane production reached 4.323 million tons. Sugar production totaled 534,183 tons Tell Quell at 99.13* Pol which pushed raw sugar production at 96* Pol to 570,513 tons.

Estimates indicate that about 42,000 hectares will be cut during the 2001 season which should yield 4.436 million tons of cane. Sugar production should yield 541,761 tons Tell Quell or 577,210 M TRV.

Sugar

| | | | | | | |
|------------------------|-----------|---------|-----|---------|-----|---------|
| PSD Table | | | | | | |
| Country: | Swaziland | | | | | |
| Commodity: | Sugar | | | | | |
| | | 1999 | | 2000 | | 2001 |
| | Old | New | Old | New | Old | New |
| Market Year Begin | | 04/1998 | | 04/1999 | | 04/2000 |
| Beginning Stocks | 21 | 21 | 27 | 28 | 0 | 20 |
| Beet Sugar Production | 0 | 0 | 0 | 0 | 0 | 0 |
| Cane Sugar Production | 476 | 504 | 500 | 571 | 0 | 577 |
| TOTAL Sugar Production | 476 | 504 | 500 | 571 | 0 | 577 |
| Raw Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| Refined Imp.(Raw Val) | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 497 | 525 | 527 | 599 | 0 | 597 |
| Raw Exports | 204 | 170 | 250 | 250 | 0 | 250 |
| Refined Exp.(Raw Val) | 52 | 51 | 52 | 54 | 0 | 60 |
| TOTAL EXPORTS | 256 | 221 | 302 | 304 | 0 | 310 |
| Human Dom. Consumption | 214 | 276 | 225 | 275 | 0 | 277 |
| Feed Dom. Consumption | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL Dom. Consumption | 214 | 276 | 225 | 275 | 0 | 277 |
| Ending Stocks | 27 | 28 | 0 | 20 | 0 | 10 |
| TOTAL DISTRIBUTION | 497 | 525 | 527 | 599 | 0 | 597 |

Marketing and trade

Swaziland sells sugar on its own domestic market, which is included in the Southern African Customs Union (SACU), and for export. During the 1999 season sales to the SACU market amounted to about 276,000 MTRV. Sales to this market should reach about 275,000 MTRV in both the 2000 and 2001 seasons, but this includes about 70,000 tons sold in South Africa which should be included with exports. Illegal imports of sugar into South Africa from Swaziland and Zimbabwe were estimated at about 70 tons a day over the past few years but better border controls are curtailing the trade. In February 1998 an agreement between the Swazi and South African Sugar Associations was reached which limits the sale of Swazi sugar in the SACU. Details have not been released but the general impression is that about 70,000 tons is allowed to be sold in South Africa and the other member states annually, with an increase in the allotment based on the growth of local consumption in the region.

On the export market Swaziland enjoys various preferential marketing arrangements. Under the EU-ACP (African Caribbean Pacific) Sugar Protocol, Swaziland supplies 120,000 tons of raw sugar per annum. Of this amount 70,000

tons are shipped to the United Kingdom and the rest to France. Under the Special Preferential Sugar (SPS) Agreement, Swaziland supplies 50,000 tons per year to Finland, France, Portugal and the UK.

Under the Generalized System of Preferences (GSP), Swaziland has access to 1.6% of the US tariff rate quota. The quota for US financial year 1999 allocation was 17,332 MTRV and the FY 2000 allocation is 16,850 tons. Export sales are also made to African states, in 1999 this amounted to 23,249 tons, mostly going to Mozambique.

| | | | |
|---------------------|---------|--------|--------|
| Export Trade Matrix | | | |
| Country: | | Units: | 000'mt |
| Commodity: | | | |
| Time period: | Jan-Dec | | |
| Exports for | 1998 | | 1999 |
| U.S. | 23 | U.S. | 0 |
| Others | | Others | |
| EU/ACP | 122 | 0 | 0 |
| EU/SPS | 53 | 0 | 0 |
| Mozambique | 23 | 0 | |
| Est. South Africa | 70 | | |
| 0 | 0 | | |
| 0 | 0 | | |
| | | | |
| 0 | 0 | | |
| | | | |
| | | | |
| Total for Others | 268 | | 0 |
| Others not listed | 0 | | 0 |
| Grand Total | 291 | | 0 |

Policy

The Swaziland Sugar Industry derives its present structure from the Sugar Act of 1967. Millers and growers belong respectively to the Sugar Millers Association (SSMA) and the Cane Growers Association (SCGA). These two bodies hold equal status in the Swaziland Sugar Association (SSA). SSA is responsible for all sugar sales and marketing. As sugar is produced it becomes the property of SSA which arranges its storage, transport and sale.

The proceeds from the sales are distributed shortly after the deliveries have been made. Payment for production is made to the three millers who in turn are responsible for onward distribution to the growers in terms of an agreement made between the millers and growers.

SSA is also working on WTO compliance for the sugar agreement.